

Message Text

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70

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02

DODE-00 PM-09 H-02 L-03 PA-03 PRS-01 USIA-12 RSR-01

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 7316

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E. O. 11652: N/A

TAGS: EGEN, KS

SUBJECT: PLANNED KOREAN INDUSTRIAL EXPANSION PROGRAM

REF: SEOUL A-78

1. THERE HAVE BEEN SEVERAL REFERENCES IN THE PRESS DURING THE PAST FEW WEEKS TO PLANNING BY THE ROKG OF A SUBSTANTIAL LONG TERM INDUSTRIAL DEVELOPMENT PROGRAM. MORE RECENTLY THE PRESS REPORTED THE LOCATION OF SIX GEOGRAPHIC AREAS IN WHICH NEW INDUSTRIAL ESTATES ARE TO BE ESTABLISHED ALONG WITH AN ANNOUNCEMENT BY THE GOVERNMENT THAT LAND PRICES IN THESE AREAS WOULD BE ASSESSED BY AUTHORIZED LAND APPRAISERS AND MADE PUBLIC AFTER APPROVAL BY THE CENTRAL LAND REQUISITION COMMITTEE. THIS ACTION WAS TAKEN BY THE ROKG TO PREVENT LAND SPECULATION IN THESE AREAS OF INDUSTRIAL DEVELOPMENT.

2. WE HAVE BEEN INFORMED CONFIDENTIALLY THAT THE GOVERNMENT IS NOW FORMULATING A TEN YEAR TEN BILLION DOLLAR INDUSTRIAL EXPANSION PLAN INVOLVING EXPANSION OF THE STEEL, MACHINERY AND MACHINE TOOL, PETROCHEMICAL,
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SHIPBUILDING AND ELECTRONICS INDUSTRIES IN DESIGNATED INDUSTRIAL PARKS AND FREE PORT ZONES. THE DETAILS OF THESE PROJECTS WHICH ARE NOW BEING PLANNED BY A CABINET LEVEL COMMITTEE UNDER THE DIRECTION OF THE PRIME MINISTER SUPERVISING THE WORK OF 18 COMMITTEES COMPOSED OF ACADEMIC AND OTHER TECHNICAL EXPERTS.

3. KOREAN LANGUAGE PRESS COMMENT ON THESE NEW INDUSTRIAL ESTATES INCLUDED STATEMENTS THAT THE FOREIGN INVESTMENT IN THESE NEW INDUSTRIES IS EXPECTED TO BE LARGELY JAPANESE. THE PRESS HAS NOTED THAT THE REVALUATION OF THE YEN HAS MADE SUCH INVESTMENT MORE ATTRACTIVE TO JAPANESE BUSINESSMEN WHO HAVE BEEN FACED WITH RAPIDLY RISING LAND PRICES IN JAPAN AND INCREASED CONCERN REGARDING POLLUTION.

4. WE BELIEVE THAT THIS NEW INDUSTRIAL EXPANSION PROGRAM WHICH IS AFFORDED HIGHEST PRIORITY BY THE GOVERNMENT WILL PROVIDE AN OPPORTUNITY FOR SUBSTANTIAL SALES OF AMERICAN GOODS AND SERVICES ALONG WITH U. S. INVESTMENT OPPORTUNITIES. HOWEVER THE FULL EXPLOITATION OF THIS OPPORTUNITY WILL REQUIRE AGGRESSIVE ACTION ON THE PART OF INTERESTED U. S. BUSINESSES. HIGH OFFICIALS OF THE GOVERNMENT HAVE TOLD US THEY WOULD WELCOME U. S. INVESTMENT IN THE PLANNED INDUSTRIES AND, DESPITE PRESS COMMENT NOTED IN PREVIOUS PARA, THEY HAVE EXPRESSED PARTICULAR INTEREST IN DIVERSIFYING SOURCES OF INVESTMENT AND EQUIPMENT IN ORDER TO REDUCE DEPENDENCE ON JAPAN.

5. WE EXPECT THAT THE DEPUTY PRIME MINISTER DURING HIS PLANNED VISIT TO THE U. S. WILL BE PREPARED TO DISCUSS AT LEAST IN GENERAL TERMS THE INDUSTRIAL EXPANSION PLAN OF THE ROKG WITH BOTH THE PRIVATE SECTOR DURING HIS VISITS TO NEW YORK, CHICAGO AND LOS ANGELES, AND WITH INTERESTED U. S. GOVERNMENT AGENCIES AND INTERNATIONAL FINANCIAL INSTITUTIONS IN WASHINGTON. HIS VISIT MAY PROVIDE THE FIRST OPPORTUNITY TO STIMULATE AND INVOLVE U. S. BUSINESS AND FINANCIAL INTERESTS IN THIS PROGRAM. WE EXPECT TO OBTAIN FROM THE DPM BEFORE HIS DEPARTURE SUFFICIENT INFORMATION ON THIS NEW PROGRAM TO PERMIT THE DEPARTMENT OF COMMERCE TO ALERT THE U. S. BUSINESS COMMUNITY TO THIS GROWING COMMERCIAL LIMITED OFFICIAL USE

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OPPORTUNITY IN KOREA.

HABIB

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*** Current Classification *** LIMITED OFFICIAL USE

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